



FISCAL MEMORANDUM

HB 348 - SB 364

March 12, 2023

SUMMARY OF BILL AS AMENDED (005560): Creates an exception allowing students employed full-time to enroll up to 16 months following completion of high school or high school equivalency to be eligible for Tennessee Promise scholarship program. Effective July 1, 2025 and applies to students seeking a scholarship after that date.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures –

\$167,900/FY25-26/Tennessee Promise Scholarship Special Reserve Account

\$302,400/FY26-27/Tennessee Promise Scholarship Special Reserve Account

Exceeds \$302,400/FY27-28 and Subsequent Years/

Tennessee Promise Scholarship Special Reserve Account

Assumptions for the bill as amended:

- Currently students who take time off from school between high school and college (known as a “gap year”) are not eligible for Tennessee Promise.
- The Tennessee Promise Scholarship is for students seeking an associate’s degree, certificate, or diploma and a student is no longer eligible after five semesters.
- Students who elect to skip fall enrollment are estimated to enroll in the spring semester of the same academic year or in the fall semester of the following academic year and will now be eligible for the Tennessee Promise.
- An effective date of July 1, 2025, will result in a first-year impact in FY25-26.
- For the purposes of this analysis, a May graduation date is assumed for all high school completions.
- In FY25-26 the group of students eligible who would otherwise not be will be students who graduated high school in May of 2024 eligible to enroll in August of 2025 and students who graduated in May of 2025 eligible to enroll in January 2026.
- In FY26-27, students who received the award in the previous year may continue receiving the award, plus students who graduated high school in May of 2025 will be eligible to enroll in Aug of 2026, while students who graduated in May of 2026 will be eligible to enroll in January of 2027.
- For this analysis an estimated 25 percent of students who will delay enrollment are estimated to be employed full-time during the gap year and will now be eligible for the scholarship.
- Based on information provided by TSAC, the following is estimated:

TN Promise in FY25-26:

- The average TN Promise award is \$538 per semester.
- 415 students are estimated to enroll in the fall semester.
 - 104 (415 x 25%) students are estimated to be employed fulltime and receive two awards totaling \$1,076 (\$538 x 2 semesters).
- 415 students are estimated to enroll in the spring semester.
 - 104 (415 x 25%) students are estimated to be employed fulltime and receive one award of \$538.
- A total increase in state expenditures from the Tennessee Promise Scholarship Special Reserve Account of \$167,856 [(104 x \$538) + (104 x \$1,076)].

TN Promise in FY26-27:

- 60 percent of those enrolled in the previous year or 125 students [60% x (104 + 104)] will re-enroll and receive two awards totaling \$1,076.
- 415 students are estimated to enroll in the fall semester.
 - 104 (415 x 25%) students are estimated to be employed fulltime and and receive two awards totaling \$1,076 (\$538 x 2 semesters).
- 415 students are estimated to enroll in the spring semester.
 - 104 (415 x 25%) students are estimated to be employed fulltime and receive one award of \$538.
- A total increase in state expenditures from the Tennessee Promise Scholarship Special Reserve Account of \$302,356 [(125 x \$1,076) + (104 x \$538) + (104 x \$1,076)].
- The extended time period for eligibility may result in more students taking advantage of the new eligibility criteria in future years, increasing the number of overall award recipients.
- The increase in state expenditures from the Tennessee Promise Reserve Account is estimated to exceed \$302,356 in FY27-28 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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